

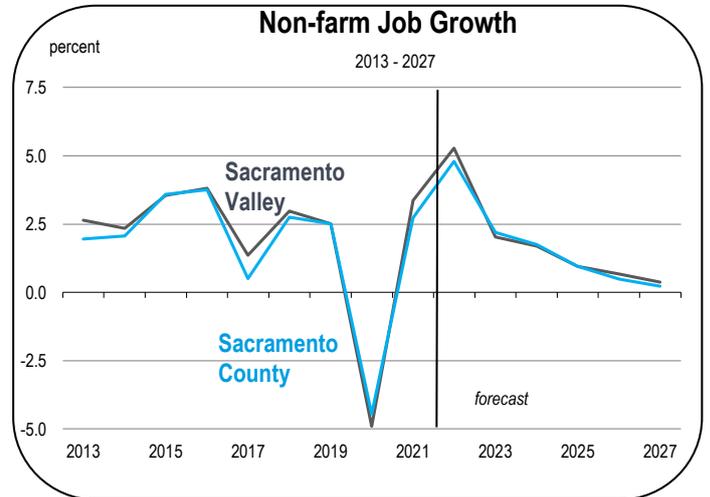
Sacramento County Economic Forecast

Forecast Summary

- A relatively high rate of home building, positive population growth, and expanding job opportunities will contribute to a relatively fast recovery and positive outlook for Sacramento County over the next 5 years.
- Among the larger counties in the state, Sacramento is runner-up to Riverside in the potential for both population and job growth over the forecast horizon.
- In Sacramento and Riverside counties; housing is affordable, there is positive net in-migration, and both professional and population serving jobs are being created.
- Both Sacramento County and Placer County are becoming emerging hubs for technology firms largely because giants HP, Intel, Aerojet Rocketdyne, Oracle, and Apple already have prominent locations in the region.
- On an annual average basis, 32,000 non-farm jobs will be restored in Sacramento County during 2022.
- The unemployment rate averaged 7 percent in 2021 and will decline to 3.9 percent in 2022.
- Home prices increased unexpectedly in 2021, rising by 17 percent. Prices are forecast to increase by another 13 to 14 percent in 2022.

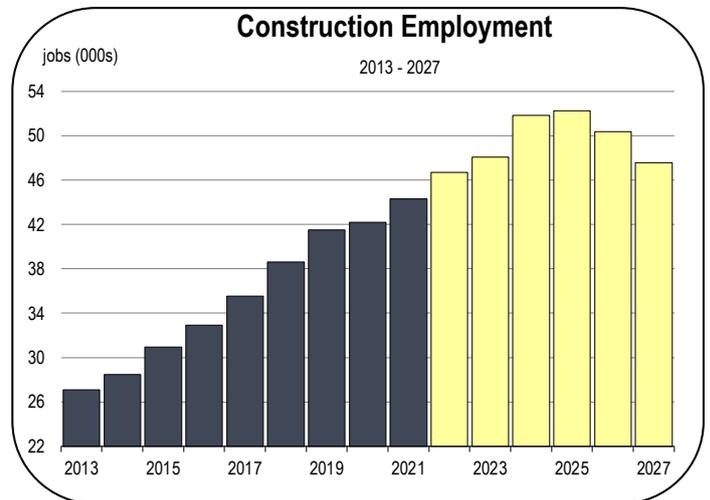
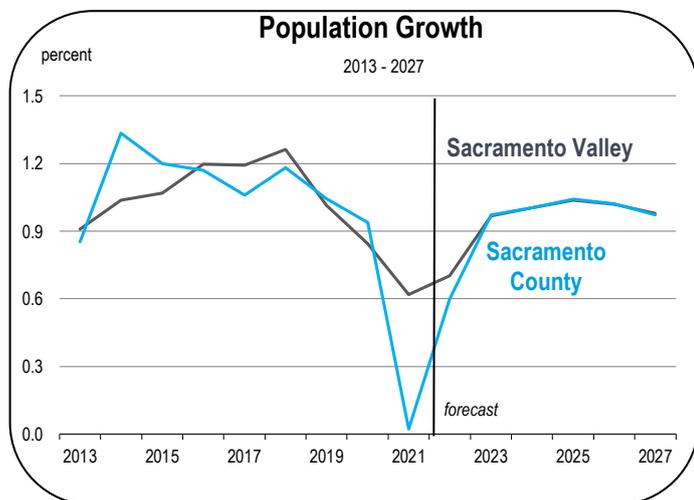
Job Growth

- Total employment in Sacramento County will expand by 4.8 percent in 2022 on an annual average basis.
- Between 2023 and 2027, job growth will average 1.3 percent.

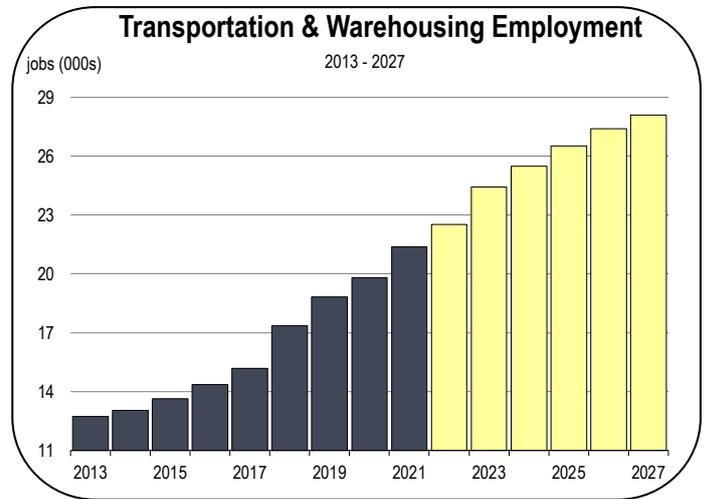
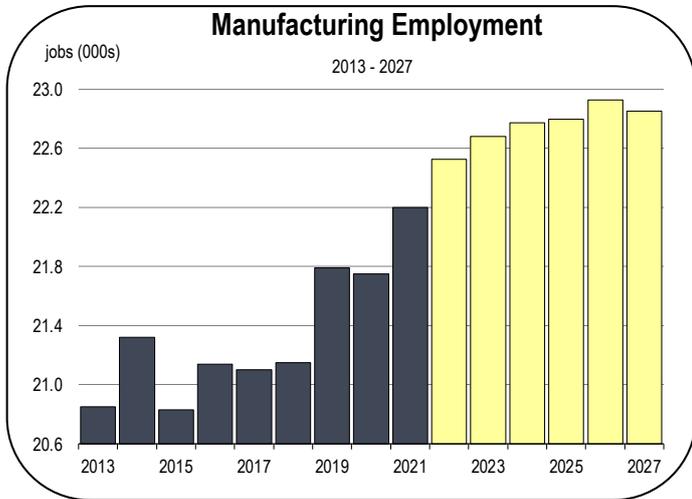


Construction Employment

- The construction workforce in the county has doubled in size since 2012.
- Curiously, the pandemic did not interrupt the trajectory of growth in construction employment in 2020.
- Over the next few years, thousands of new residential units will be started and completed in the City and County of Sacramento. Employment within the construction trades is forecast to expand at least through 2025.



Sacramento County Economic Forecast



Manufacturing Employment

- Sacramento County has a high concentration in food and beverage manufacturing, computer and electronics manufacturing, and transportation equipment manufacturing.
- The largest private company (and manufacturing company) is Intel with nearly 6,000 employees in Folsom. Siemens Mobility, makers of intercity trainsets and other rail vehicles, employs 2,400 workers in Sacramento. The facility has been in operation for more than 30 years.
- The industry is a composite of many types of manufactured products and manufacturing firms, including Tesla, Nike, Pepsi, Red Bull, and the Permanente Medical Group.
- Total employment in the industry has spiked since 2021 and is expected to continue increasing over the course of the forecast.

Transportation and Warehousing Employment

- Most transportation jobs in Sacramento County are in trucking and warehousing, where firms deliver goods to and from businesses and store these goods in logistics facilities. Trucking and warehousing firms expanded quickly during 2021.
- A meaningful number of jobs are in delivery firms like UPS and FedEx. Delivery firms hired large numbers of workers during 2021 but the surge in hiring has abated in 2022, despite sustained levels of direct-to-consumer shipping.
- This sector embodies the effects of consumer substitution from local retail centers to online acquisition of goods. Warehouse, distribution centers, and fulfillment center jobs are consequently becoming substituted for retail jobs at stores. The industry is forecast to create job opportunities over the indefinite future.

The Top 5 Manufactures and Total Employment in Sacramento County

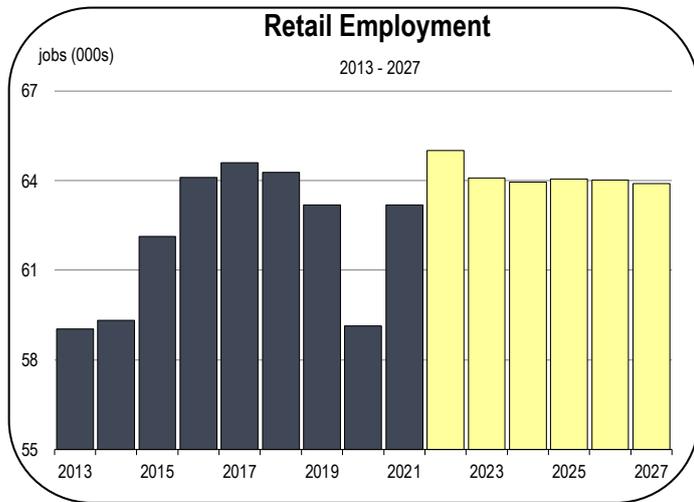
Intel	5,992
PRIDE	3,025
Siemens	2,400
Penumbra	575
Clark Pacific	500

Source: Sacramento Business Journal, November 2022



The Siemens Mobility factory, just south of Sacramento, manufactures locomotives, railcars and trams that run both in and between cities all over the US and Canada. The plant sits on 64 acres with 1 million square feet of factory buildings.

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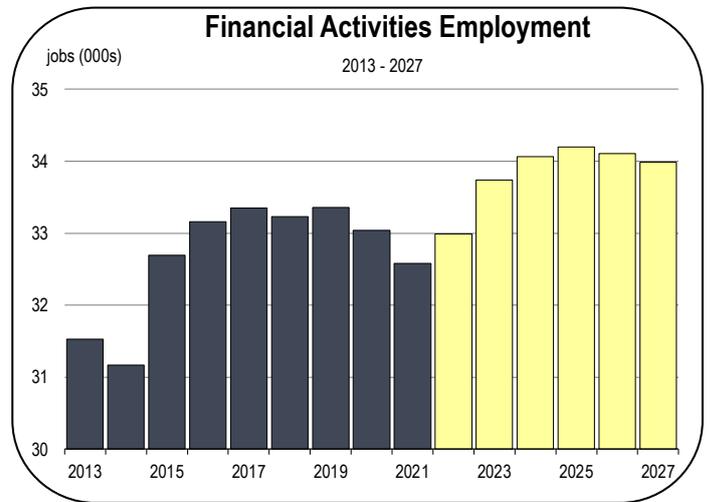
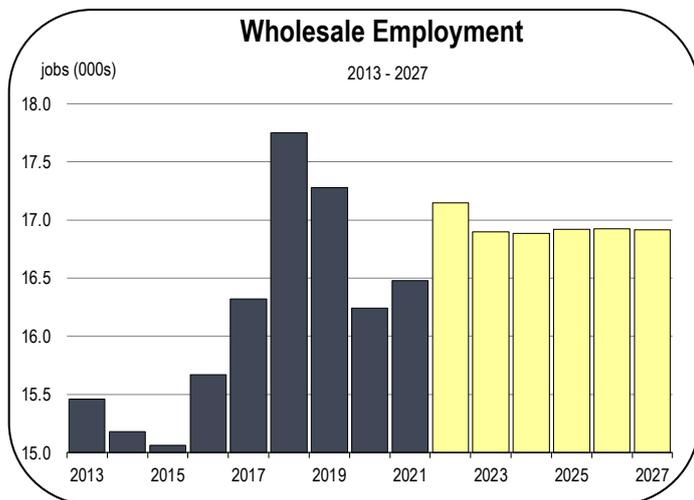


Retail Trade Employment

- Retail jobs that were lost with the economic shutdowns during 2020 were mostly recovered in 2021. However, the substitution by consumers to purchase goods online over local retail stores is creating the disruption in the retail trade labor market.
- Employment is expected to remain relatively stable over the forecast, due principally to the development of housing projects that include retail centers. Employment at new retail stores will offset employment consolidation due to technology.

Wholesale Trade Employment

- The sector is expected to add workers in 2022 but substitution of wholesale distribution jobs into warehousing and fulfillment/distribution center jobs is the trend in most metro regions of California.

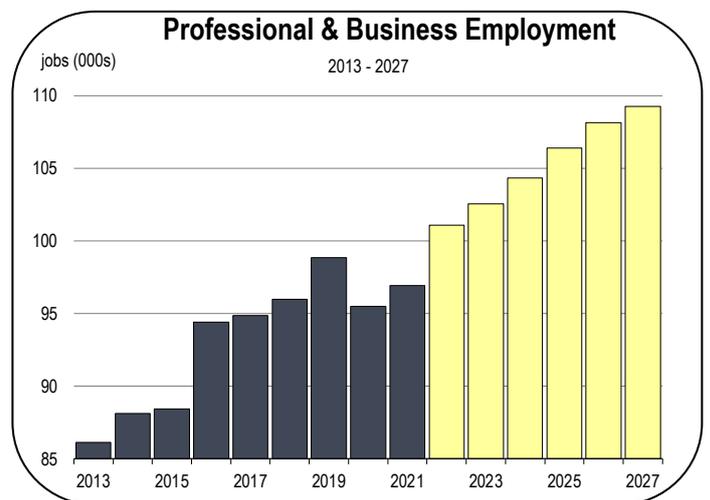


Financial Activities Employment

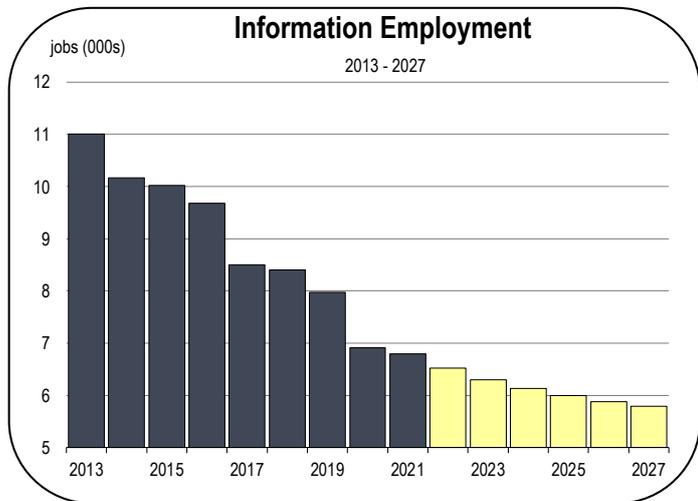
- The Sacramento County financial activities industry is mostly comprised of real estate companies, banks, and insurance firms. Minimal growth characterized these subsectors between 2013 and 2021, due largely to advances in real estate technology, regional bank mergers, and online insurance competition.
- Real estate will lead employment growth over the forecast though the overall gain between 2022 and 2027 will be minimal.

Professional and Business Services Employment

- The professional and business services sector is destined to create a major share of future jobs in Sacramento County over the next several years.
- Professional business services include many of the technology sectors including design and consulting services to high tech product manufacturers both domestically and internationally. Rising employment in Sacramento and Roseville is expected over the forecast.



Sacramento County Economic Forecast

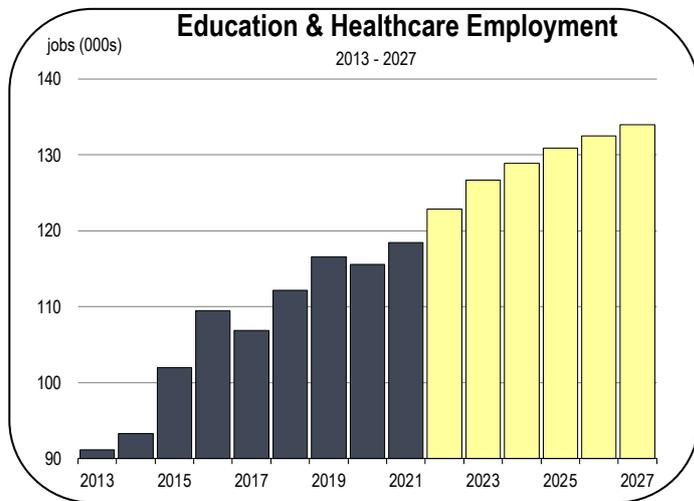


Information Employment

- In Sacramento County, the information sector is dominated by telecommunications companies like Comcast, radio & TV production studios, newspapers, and data/internet services firms.
- The decline in job opportunities in information is the consequence of changing technologies that have resulted in downsizing the domestic telecommunications industry, cable and subscription programming, libraries, movie theaters, book, newspaper, and periodical publishing.
- This is no less true for the Sacramento information market. Employment growth will remain in software publishing, Internet publishing and broadcasting, data processing and website hosting, some radio and TV, and video production.
- These subsectors will effectively define the principal manner in which information is delivered to consumers now and in the future.

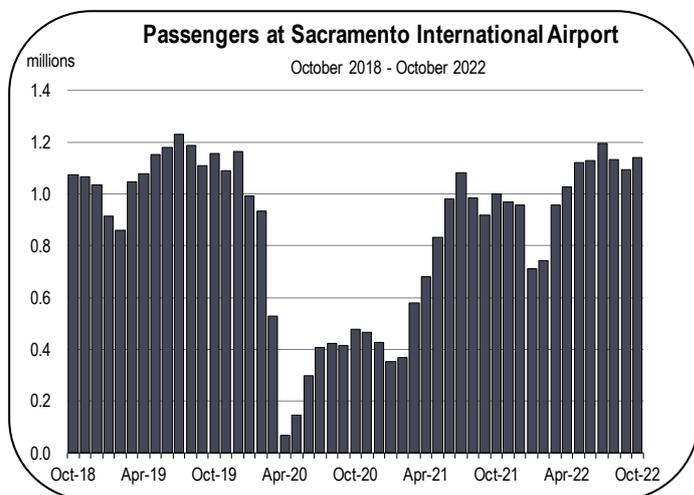
Private Education and Healthcare Employment

- Sutter Medical, Mercy General Hospital, and Kaiser Permanente are some of the largest employers in the County.
- Employment at doctor’s and dentist’s offices increased modestly. Private schools and tutoring centers increased sharply.
- An expansion of the healthcare sector occurs in tandem with the aging of the regional population.
- Healthcare will remain as one of the fastest growing labor markets adding 16,000 workers between 2022 and 2027.

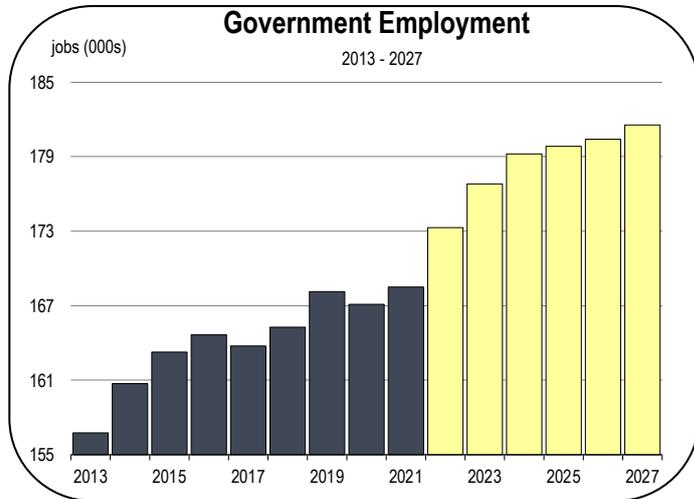
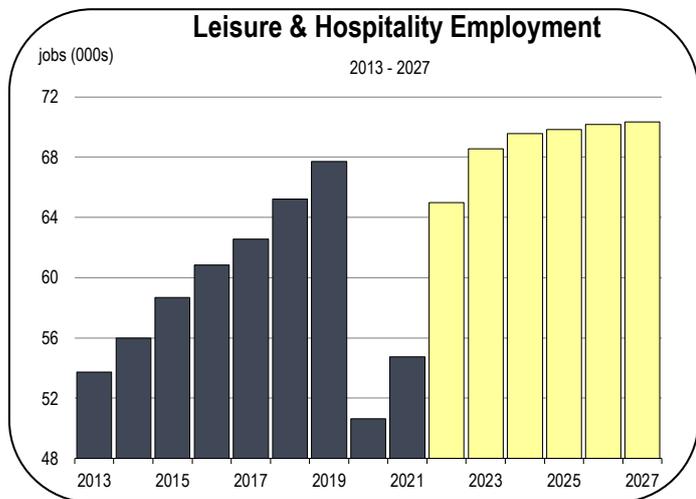


Leisure and Hospitality Employment

- Leisure and hospitality firms were impacted by restricted business conditions more than any other type of company, but compared to greater California, Sacramento County employment declined less in this sector.
- On an annual average basis, 4,000 jobs were gained at restaurants and bars; this represents an increase of 8 percent.
- Leisure and hospitality employment has rebounded sharply in 2022 and is very close to eclipsing the pre-pandemic high.
- Both visitor and business travel are critical to the leisure and hospitality industry. During 2022, visitor numbers have recovered. Passenger traffic through Sacramento International Airport has entirely rebounded to pre-pandemic levels.



Sacramento County Economic Forecast



- Through November 2022, restaurant employment has fully recovered in the county, and more workers are needed to fill empty job positions, which is typical of this industry throughout California.
- The expectation for leisure and hospitality employment is for sustained growth over the forecast

Government Employment

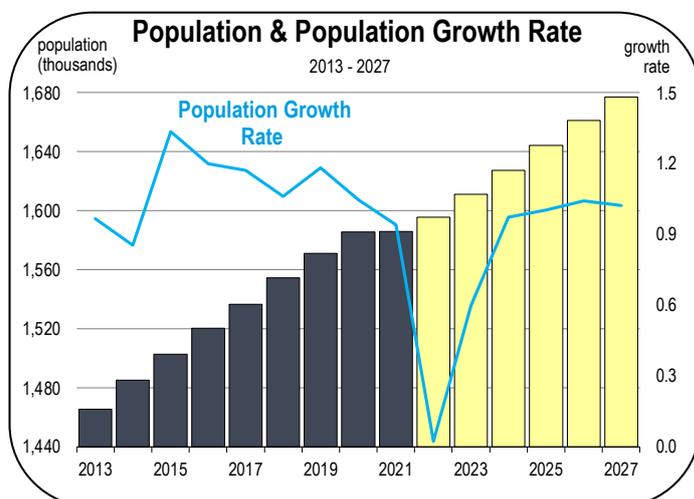
- State and local government departments gained 1,400 jobs in 2021 and are on pace to reinstate 5,000 to 6,000 more jobs in 2022.
- K-12 school employment is rebounding slowly and is not forecast to fully recover all pandemic-related job loss until 2023.
- Non-school related state public employment is the principal sector of growth within state and local government.

Population Growth

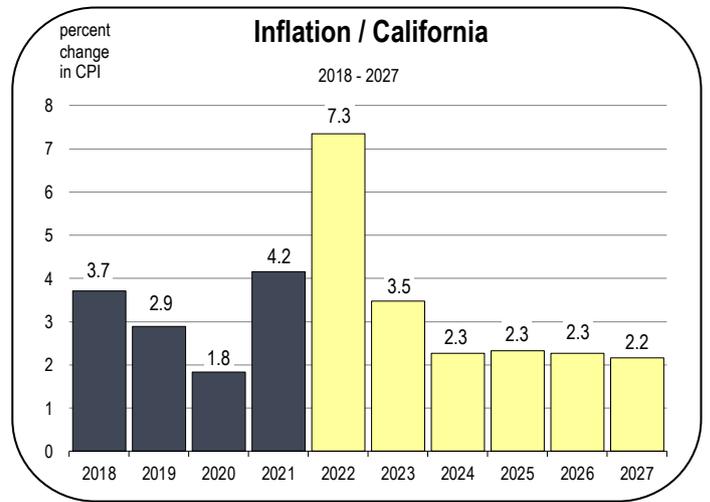
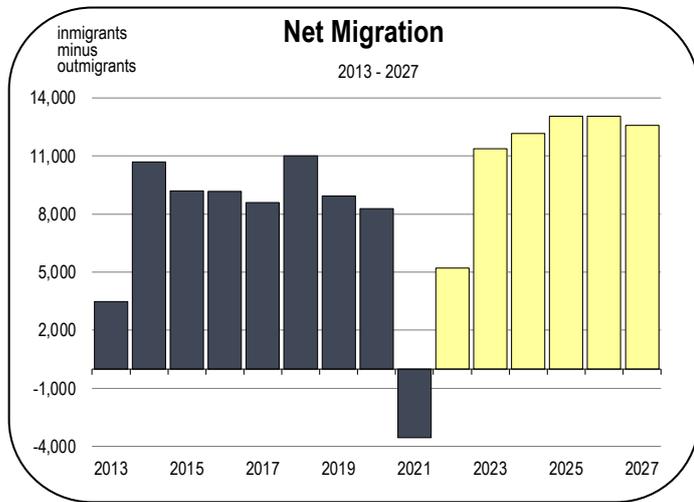
- A continuation of the relatively high rate of growth of Sacramento County population is expected over the forecast period.
- The growth of the population is principally due to new migrants, many from the Bay Area but from other states as well.
- New development of housing which remains affordable is the principal reason for the attraction of migrants, together with expanding job opportunities not only in Sacramento County but in adjacent Placer County.
- The population will expand at an annual average rate of 1.0 percent per year from 2022 to 2027. By 2027 the Sacramento County population will approach 1.67 million residents.

Unemployment and Inflation Rates

- The unemployment rate in Sacramento County averaged 7.0 percent in 2021. The current rate is 3.9 percent.
- An unemployment rate below 5.0 percent signifies a fully employed workforce in Sacramento County.
- The unemployment rate is expected to average 3.9 percent in 2022 and 3.4 percent in 2023.
- Inflation soared in 2021 and is expected to remain elevated for several years.
- During 2022 and into 2023, there will be a number of factors that will contribute to higher inflation. The most prominent will be:
 - Record spending by consumers and the federal government during 2021 and 2022



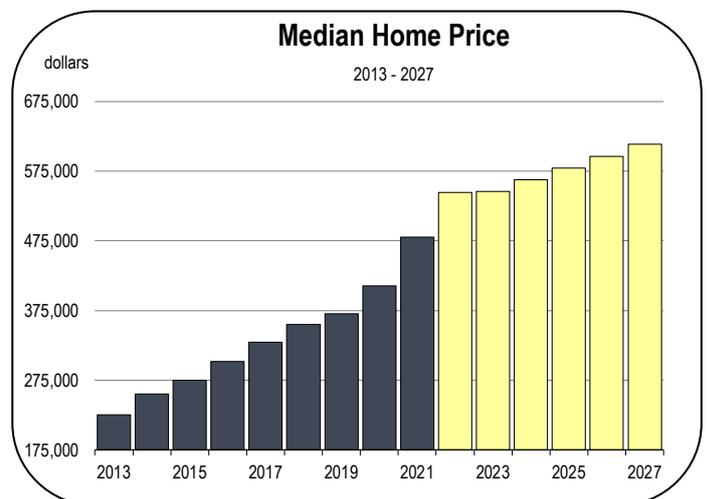
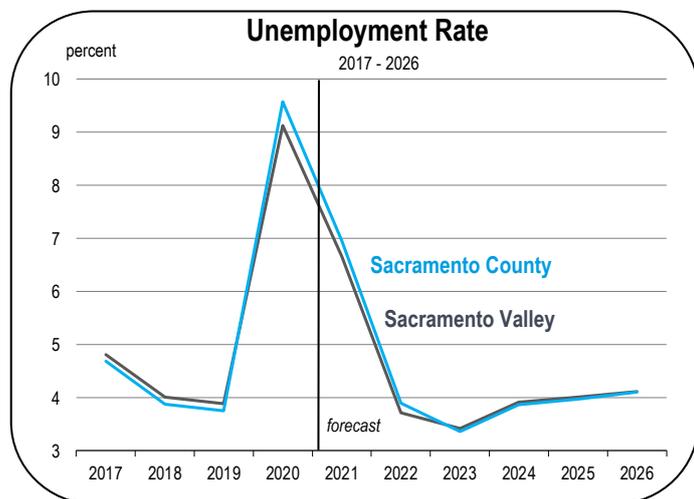
Sacramento County Economic Forecast



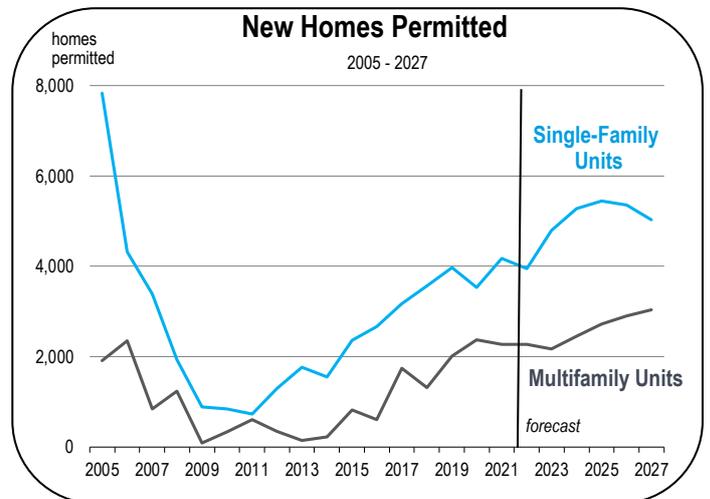
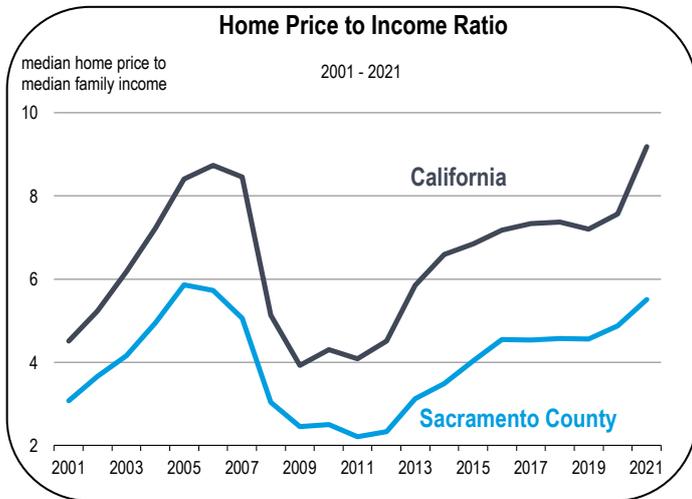
- Fractures in the global supply chain that raise the cost of production for many businesses
- Sharp increases in the cost of housing and energy
- Labor market recruitment challenges that force companies to raise wages
- Combined, these factors have pushed inflation to its highest rate in 40 years. Ultimately, inflation reduces the purchasing power of households and negatively impacts consumer confidence, limiting the growth potential of the economy in 2022.
- However, inflation will begin to decelerate after 2022 as supply chains and the labor force are gradually restored, eventually falling to below 3 percent again by 2024.

Home Prices and New Housing Production

- In 2021 the median home price for all housing types in Sacramento County was \$480,000, an increase of 10 percent from the previous year. For single family detached homes, the median price was \$501,800. The median selling price in October 2022 was \$512,500, a decline of 12 percent from selling values of homes in May 2022.
- Homes in Sacramento County are more affordable than homes across California, especially Coastal California.
- In Sacramento County, the typical household spends less than 25 percent of its pre-tax income on mortgage payments or rent because the county has reasonable home prices and relatively high-paying jobs.



Sacramento County Economic Forecast



- Along Coastal California the typical household spends more than 35 percent of income on housing costs, and in very expensive markets like San Francisco, housing costs often account for more than 50 percent of income.
- From 2016 to 2021, an average of 5,200 new homes were started per year in Sacramento County each year. Approximately 70 percent were single-family homes.
- Housing production is expected to average 7,600 homes per year from 2022 to 2027, consisting primarily of single-family homes.

2. Rancho Murieta North contains approximately 772.2 acres. Proposed land use includes 795 single-family units across 338 acres and 393 acres of parks, recreation and open space. This project is currently in progress.
3. Barrett Ranch East covers 128 acres and has been approved. Proposed land use includes 497 single-family units, 196 multifamily units, two parks, and commercial space. Nothing has changed in this development from last year as the developer is still working to obtain Federal permits before beginning development.

Sacramento County has 4 major development projects encompassing over 1,750 acres:

1. The Greenbriar Project is a proposed new residential community in Greenbriar, a 577-acre plot of land in Sacramento. The proposed community will contain approximately 2,980 units, 37 acres of commercial land, an elementary school, light rail station, and 140 acres of lakes. This development is currently awaiting approval.



Barrett Ranch East

Sacramento County Economic Forecast

4. Northborough is a project covering 298 acres and has been approved. Proposed land use includes 1,127 residential units, an elementary school, parks, and a recreational center. The Northborough project is part of the Elverta Specific Plan. Nothing has changed on this project since last year.

Another major project happening in downtown Sacramento is the Sacramento Commons. Phase 1 of this project involves two 7-story mixed use buildings. The buildings will contain 436 multifamily units and 5,890 square feet of commercial space. This project is currently under construction.

The downtown Sacramento development scene is vibrant. There are currently 26 development projects under construction and even more proposed. Highlights of the bustling city center include:

- The AJ (proposed)
 - 345 residential units
- The Docks Project (proposed)
 - 1,100 units
- Maven on Broadway (proposed)
 - 444 multifamily units
- MLS Soccer Stadium (proposed)
 - 375,000 square feet
- 10K (proposed)
 - 186 units
 - Hotel with 206 units
- Capital Annex Swing Space (under construction)
 - 472,000 square feet office building
- Richards Boulevard Office Complex (under construction)
 - 1.25 million square feet



Phase 1 of the Sacramento Commons

Sacramento County Economic Forecast

Economic Indicators

2015-2021 History, 2022-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Total Taxable Sales (billions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	1,502,821	525.5	9,192	3,173	1,275	\$72	\$15	\$22	\$7.8	\$56,813	6.0	\$560	1.4
2016	1,520,401	529.8	9,172	3,277	1,313	\$74	\$16	\$23	\$7.3	\$56,963	5.4	\$591	2.3
2017	1,536,517	533.4	8,585	4,915	1,301	\$77	\$17	\$25	\$7.1	\$57,059	4.7	\$561	3.0
2018	1,554,668	538.5	11,008	4,884	1,318	\$82	\$17	\$25	\$7.5	\$57,271	3.9	\$568	3.7
2019	1,570,918	543.7	8,919	5,984	1,357	\$86	\$18	\$27	\$7.7	\$57,914	3.8	\$488	2.9
2020	1,585,666	548.1	8,272	5,904	1,358	\$91	\$18	\$27	\$8.6	\$59,715	9.6	\$474	1.8
2021	1,586,031	552.3	-3,541	6,308	1,365	\$94	\$23	\$34	\$8.7	\$59,002	7.0	\$460	4.2
2022	1,595,514	557.9	5,212	6,218	1,372	\$104	\$25	\$37	\$8.9	\$60,750	3.9	\$462	7.3
2023	1,611,010	563.7	11,361	6,961	1,383	\$111	\$25	\$38	\$9.4	\$61,929	3.4	\$461	3.5
2024	1,627,172	570.3	12,145	7,725	1,395	\$116	\$25	\$38	\$9.7	\$62,925	3.9	\$460	2.3
2025	1,644,130	577.5	13,048	8,164	1,407	\$122	\$25	\$38	\$10.0	\$63,622	4.0	\$461	2.3
2026	1,660,945	585.2	13,044	8,265	1,418	\$126	\$26	\$38	\$10.3	\$64,056	4.1	\$463	2.3
2027	1,677,092	593.0	12,568	8,066	1,430	\$132	\$26	\$39	\$10.6	\$64,669	4.2	\$461	2.2
2028	1,692,769	600.5	12,316	7,658	1,442	\$137	\$26	\$39	\$10.9	\$65,173	4.3	\$460	2.2
2029	1,708,083	607.7	12,165	7,351	1,453	\$143	\$27	\$40	\$11.1	\$65,761	4.2	\$459	2.3
2030	1,723,231	614.6	12,231	7,020	1,464	\$149	\$28	\$42	\$11.4	\$66,452	4.2	\$458	2.2
2031	1,736,380	621.2	10,638	7,139	1,475	\$155	\$29	\$43	\$11.6	\$67,205	4.3	\$457	2.1
2032	1,749,623	627.9	11,142	6,879	1,486	\$160	\$29	\$44	\$11.8	\$67,585	4.2	\$455	2.3
2033	1,762,589	634.4	11,242	6,840	1,496	\$167	\$30	\$45	\$12.0	\$68,504	4.2	\$453	1.9
2034	1,774,646	640.8	10,689	6,833	1,505	\$173	\$31	\$46	\$12.3	\$69,272	4.2	\$451	2.1
2035	1,787,264	647.2	11,568	6,560	1,515	\$180	\$32	\$48	\$12.5	\$69,985	4.1	\$453	2.2
2036	1,799,748	653.4	11,690	6,459	1,524	\$187	\$33	\$49	\$12.6	\$70,287	4.1	\$452	2.6
2037	1,813,084	659.5	12,758	6,208	1,535	\$194	\$34	\$51	\$12.7	\$70,521	4.0	\$451	2.7
2038	1,825,029	665.3	11,589	6,318	1,544	\$202	\$35	\$53	\$12.9	\$71,048	4.1	\$450	2.5
2039	1,836,773	671.2	11,577	6,074	1,553	\$210	\$36	\$54	\$13.1	\$71,372	4.1	\$449	2.7
2040	1,847,815	677.0	11,198	6,045	1,562	\$217	\$37	\$56	\$13.2	\$71,736	4.1	\$448	2.6
2041	1,859,250	682.6	11,854	5,876	1,571	\$226	\$38	\$58	\$13.4	\$72,388	4.0	\$447	2.2
2042	1,869,994	688.2	11,358	5,925	1,579	\$234	\$39	\$59	\$13.6	\$73,076	4.0	\$448	2.1
2043	1,880,676	693.7	11,490	5,734	1,587	\$242	\$40	\$61	\$13.8	\$73,782	4.0	\$447	2.0
2044	1,891,789	699.1	12,112	5,624	1,595	\$251	\$41	\$62	\$14.0	\$74,557	4.0	\$447	1.8
2045	1,902,138	704.4	11,548	5,660	1,602	\$259	\$42	\$63	\$14.2	\$75,216	4.0	\$446	1.9
2046	1,912,574	709.7	11,786	5,435	1,609	\$267	\$43	\$65	\$14.3	\$75,663	4.0	\$446	2.0
2047	1,921,441	714.8	10,364	5,477	1,615	\$275	\$44	\$66	\$14.4	\$75,897	4.0	\$445	2.2
2048	1,929,596	720.0	9,795	5,325	1,621	\$283	\$45	\$68	\$14.5	\$76,062	4.0	\$444	2.3
2049	1,937,142	725.0	9,375	5,230	1,626	\$292	\$46	\$70	\$14.6	\$76,523	4.0	\$444	2.0
2050	1,943,897	729.9	8,831	5,155	1,631	\$299	\$48	\$71	\$14.7	\$76,522	4.0	\$444	2.1

Employment Sectors

2015-2021 History, 2022-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	(thousands of jobs)											
2015	621.3	2.7	31.0	20.8	13.6	77.2	32.7	88.4	10.0	102.0	58.7	163.3
2016	644.0	2.2	32.9	21.1	14.4	79.8	33.2	94.4	9.7	109.5	60.8	164.7
2017	648.3	3.2	35.5	21.1	15.2	80.9	33.4	94.9	8.5	106.8	62.5	163.8
2018	665.5	2.6	38.6	21.2	17.4	82.0	33.2	96.0	8.4	112.2	65.2	165.3
2019	681.9	2.4	41.5	21.8	18.8	80.5	33.4	98.9	8.0	116.6	67.7	168.1
2020	651.6	2.4	42.2	21.8	19.8	75.4	33.0	95.5	6.9	115.6	50.6	167.1
2021	670.0	3.1	44.3	22.2	21.4	79.7	32.6	96.9	6.8	118.4	54.8	168.5
2022	701.8	2.9	46.7	22.5	22.5	82.1	33.0	101.1	6.5	122.9	65.0	173.3
2023	717.1	2.8	48.1	22.7	24.4	81.0	33.7	102.6	6.3	126.7	68.5	176.8
2024	729.5	2.8	51.8	22.8	25.5	80.8	34.1	104.3	6.1	128.8	69.6	179.2
2025	736.3	2.7	52.2	22.8	26.5	81.0	34.2	106.4	6.0	130.9	69.8	179.9
2026	739.9	2.7	50.4	22.9	27.4	80.9	34.1	108.1	5.9	132.5	70.2	180.4
2027	741.6	2.7	47.6	22.9	28.1	80.8	34.0	109.3	5.8	134.0	70.4	181.6
2028	744.0	2.7	45.9	22.9	28.5	80.6	33.8	110.3	5.7	135.5	70.8	182.5
2029	746.8	2.7	44.6	22.9	28.9	80.4	33.8	111.3	5.7	137.0	71.2	183.4
2030	750.0	2.7	43.8	22.9	29.2	80.2	33.9	112.3	5.6	138.4	71.6	184.1
2031	753.7	2.7	43.7	23.0	29.5	80.1	33.9	113.2	5.6	139.8	72.0	184.8
2032	756.9	2.7	43.2	23.0	29.8	80.0	33.9	114.2	5.6	141.2	72.4	185.4
2033	760.0	2.7	42.9	23.0	30.0	79.8	33.9	115.0	5.5	142.6	72.8	185.9
2034	763.1	2.6	42.5	23.0	30.2	79.7	33.9	115.8	5.5	143.9	73.2	186.5
2035	765.8	2.6	42.0	23.0	30.4	79.7	33.9	116.6	5.5	145.2	73.6	187.0
2036	768.6	2.6	41.6	23.1	30.6	79.6	33.9	117.4	5.5	146.5	74.0	187.5
2037	771.3	2.6	41.2	23.1	30.8	79.5	33.9	118.1	5.5	147.7	74.4	187.9
2038	774.3	2.6	41.3	23.1	30.9	79.4	33.9	118.8	5.5	149.0	74.7	188.4
2039	776.9	2.6	40.9	23.1	31.0	79.3	34.0	119.5	5.5	150.2	75.1	188.8
2040	779.6	2.6	40.8	23.2	31.1	79.2	34.0	120.1	5.5	151.3	75.5	189.3
2041	782.1	2.6	40.4	23.2	31.2	79.2	34.0	120.8	5.5	152.5	75.9	189.8
2042	784.8	2.6	40.4	23.2	31.3	79.1	34.0	121.3	5.5	153.6	76.3	190.2
2043	787.2	2.6	40.1	23.3	31.4	79.1	34.0	121.9	5.5	154.7	76.7	190.7
2044	789.5	2.6	39.9	23.3	31.5	79.0	34.0	122.4	5.5	155.7	77.1	191.1
2045	792.1	2.6	39.9	23.3	31.5	79.0	34.0	122.9	5.5	156.8	77.5	191.6
2046	794.2	2.6	39.5	23.4	31.6	78.9	34.0	123.4	5.5	157.8	77.9	192.0
2047	796.5	2.6	39.4	23.4	31.7	78.9	34.0	123.9	5.5	158.8	78.3	192.4
2048	798.6	2.6	39.1	23.4	31.7	78.9	34.0	124.3	5.5	159.8	78.6	192.9
2049	800.6	2.6	38.8	23.5	31.8	78.8	34.0	124.8	5.5	160.7	79.0	193.3
2050	802.7	2.6	38.6	23.5	31.9	78.8	34.0	125.2	5.5	161.6	79.4	193.8

Sacramento County Economic Forecast

Socioeconomic Indicators

